

2007
ICA General Assembly
Singapore

International Accounting Standards:

The Need for a Coordinated International Response

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Cooperatives in the US – A Snapshot

- Estimated at more than 40,000
... versus 10,000 stock companies
- Serve 150 million members
...or seven in 10 of all adult Americans
- 30 cooperatives with \$1 billion or more in revenues
- Top 100 co-ops have \$140 billion in revenues



- Formed in 1916
- Only national, cross-sector co-op membership association
- Developed *.coop* domain
 - more than 10,000 names purchased
- Over \$18 million in international co-op development programs in 11 countries





- Cross-sector information & policy development entity formed in 2004
- Identify and address key co-op legal, financial and tax related issues
- Led by Steering Committee
 - all sectors represented
 - financial and legal expertise
 - managed by NCBA staff
- Communications system for input and feedback from all sectors

Financial Accounting in the US

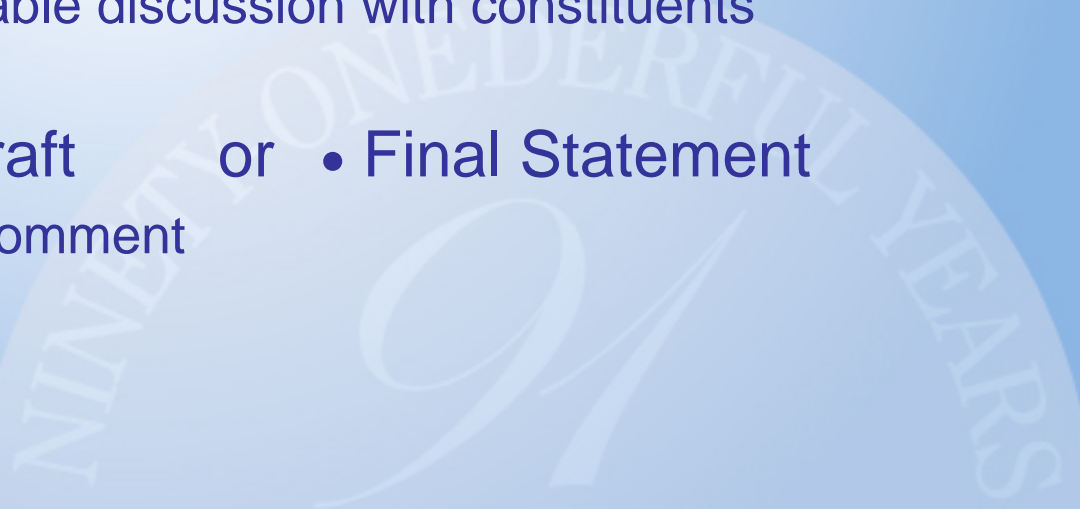
- SEC has statutory authority over accounting standards
- Delegates to private entity, FASB, to develop standards that become US GAAP
- Co-ops follow US GAAP
- Enforcement
 - SEC – publicly traded companies
 - AICPA – private companies

FASB – The US Standard Setter

- Financial Accounting Foundation (FAF)
 - non-profit organization that oversees FASB
 - Board of Trustees appoints 7 members to FASB
- FASB
 - issues accounting standards and guidance
 - non-governmental, “independent”
 - funded by fees paid to SEC by companies
 - weekly meetings, open to public, webcast
- Financial Stdnds Accounting Advisory Council (FASAC)
 - 30 members, preparers, users, auditors
 - helps set agenda and advise FASB

Standard Setting Process

- Major projects/activities identified
 - SEC recommendations
 - Int'l convergence topic
 - FASAC, EITF or other advisory committee
- Board discussion and decision on approach
- Exposure Draft or Preliminary Views Issued
- Comment period for public response
 - Possible Roundtable discussion with constituents
- Revised Exposure Draft or • Final Statement
open for more public comment



CF&TC Advocacy Before FASB

- Formal
 - Representation on Committees, Resource Groups
 - Comments to proposals
 - Agenda setting
 - Roundtable Discussions
 - Board meetings
- Informal
 - Meetings with Board members
 - Meetings, calls with project staff
 - Bring FASB to coops
 - site visits, co-op conferences

Why CF&TC Works

- Dedication of resources and staff to issues
- Cross-sector sharing of expertise & experience
- Coordinated and consistent message
- Communication with cooperative community
- Communication and education of FASB

One Global Standard Setter – *The IASB*

- more than 100 countries using IFRS
- FASB and IASB convergence
- Move to “Principles Based” accounting
- SEC roadmap
 - Accept IFRS for int’l companies by 2009
 - Proposal to allow US companies to use USGAAP *or* IFRS
 - FASB Chair’s comments
 - Timeframe



Coordinated Int'l Co-op Response

- Prioritize accounting policy issues
- Dedicate resources, including staff
- Identify and develop technical expertise
- Coordinate Response

many countries, one message

- Co-op communities in all countries must participate
- Educate about and advocate for Co-ops
- Understand IASB process and politics
- Identify partners with similar interests/concerns
- Representation at IASB
*e.g., International Cooperative
Financial Reporting Group*

**“We must all hang together,
or assuredly we shall all hang
separately.”**

Benjamin Franklin
Cooperator

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